BRITISH COLUMBIA
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BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca | Issue: 10-22 | June 4th, 2010

- **Unemployment rate rises to 7.5% in May as job growth stalls**
- **Labour income up 1.2% in first quarter; investment in residential structures rises 7.4%**
- **Work-related injuries down 15.7% in 2009**

Labour Force

- **British Columbia's unemployment rate edged up 0.2 percentage points to 7.5% (*seasonally adjusted*) in May.** The increase in the jobless rate came despite a slight reduction in labour force (-0.2%) as the number of jobs declined more rapidly, falling 0.4%.

  After recording the third-lowest unemployment rate in the country in April, BC's ranking slipped to fourth among the provinces. Alberta (6.6%), Manitoba (5.7%) and Saskatchewan (5.0%) all posted lower jobless rates. However, Western Canadians continued to fare comparatively well compared to other Canadians. The national unemployment rate was 8.1%.

  Data Source: Statistics Canada

- **Employment in BC's goods sector slipped 1.3% (*seasonally adjusted*) in May, but service sector employment was relatively unchanged (-0.2%).** Construction (+0.5%) and manufacturing (+0.4%), the biggest employers in the goods sector, were hiring workers. However, these small gains were more than offset by declines in other industries, particularly forestry, fishing & mining (-10.1%) and agriculture (-7.7%). Most service sector industries shed jobs, but there were a few notable exceptions. The number of people working in professional, scientific & technical services jumped 8.3% and employment was also up in transportation & warehousing (+2.2%). *Data Source: Statistics Canada*

- **Public sector employment declined 0.9%, while job growth in the private sector was also off (-0.6%, *seasonally adjusted*) in May.** Meanwhile, self-employment edged up 0.5%, following a stall in April (-0.1%). Young people looking for summer work may be facing somewhat unfavourable job market conditions as the unemployment rate for those aged 15-24 jumped to 15.1%. *Data Source: Statistics Canada*

- **Regional unemployment rates ranged from 5.8% (*3-month-moving average, unadjusted*) in Vancouver Island/Coast to 12.4% in North Coast/Nechako where rates have traditionally been well above the average for the province.** Victoria (5.5%) continued to see low unemployment rates, while Vancouver (7.6%) was relatively on par with the provincial average. At 8.4%, the jobless rate in Abbotsford was the highest among BC's Census Metropolitan Areas. *Data Source: Statistics Canada*

The Economy

- **Labour income (wages, salaries and benefits) in the province continued to rise in the first quarter, increasing 1.0% (*seasonally adjusted*), slightly less than the national average of 1.2%.** Following below-average growth in the fourth quarter, labour income in Alberta (+2.4%) rose at double the national rate, substantially more than in any other province. Quebec (+0.2%) recorded the weakest first-quarter growth in labour income.

  Data Source: Statistics Canada

- **Investment in residential structures in BC increased 7.4% (*seasonally adjusted*) in the first quarter.** Investment began to pick up late last year after remaining in a slump throughout most of 2008 and 2009. Spending on single-family and row housing was up significantly. Although investment in new apartments was flat (+0.1%), the first quarter marked the end of a year-long streak of double-digit declines in this sector. *Data Source: Statistics Canada & BC Stats*

Report Economy Shrinks for First Time Since 1982

Did you know...

Over half (56%) of online Canadians over the age of 18 have used a webcam to keep in touch with friends or family. Source: Ipsos Canada

- **The value of building permits issued by BC municipalities plummeted 22.9% (*seasonally adjusted*) in April, as planned spending on both residential (-26.3%) and non-residential (-12.8%) projects dropped off.**

  In Kelowna, permits were down 37.6%, one of the most significant decreases in the country. Permits issued in Vancouver (-29.6%) Abbotsford-Mission (-26.3%) and Victoria (-18.3%) also posted substantial declines.

  Nationally, building intentions climbed 5.4% on the strength of the non-residential sector (+32.2%). Increases in the provinces ranged from 11.1% in Ontario to 173.9% in Nova Scotia. PEI (-32.7%) saw the largest decrease in April. *Data Source: Statistics Canada*

- **Year-to-date, building permits in the province's regions were 46.3% higher than in the first four months of 2009, with every region recording increases in the value of permits issued.** Permits jumped most notably in Nechako (+432.2%), due to a residential building boom (+57.5%) together with hefty increases in planned spending on institutional and industrial projects.

  In Cariboo, a 66.8% increase in the value of permits reflected significantly higher spending on institutional, industrial and residential projects. Other notable regional surges in the value of permits include those recorded in Mainland/Southwest (+61.9%), Kootenay (+60.9%), and Thompson/Okanagan (+52.3%). Planned spending on new projects in Vancouver Island/Coast municipalities (+4.7%) saw the most moderate increase in the province.

  Data Source: Statistics Canada & BC Stats

Job-related Injuries

- **A total of 141,968 new work-related injuries were reported to WorkSafe last year, a notable 15.7% decrease from the claims reported in 2008.** There were 174 work-related fatalities in 2009, 51 fewer than in the previous year. The substantial decline in the number of people injured on the job reported last year brought the total down to its lowest level in at least a decade. Injury claims were particularly low in 2009, especially when one considers the decade-high of 181,632 recorded in 2000.

  Data Source: Statistics 2009, WorkSafeBC

The Nation

- **The Canadian economy continued to gain momentum in the first quarter, expanding 1.5% (seasonally adjusted).** The quarterly increase in real gross domestic product (GDP) was the strongest recorded since late 1999.

  With three quarters of accelerating growth, the economy appears to be back on an expansionary path, but there were some mixed signals in the economic news. Consumer, business and government spending expanded 1.1%, marginally less than the 1.2% increase recorded late last year. Consumer spending picked up (+1.1%), and business investment continued to recuperate (+2.3%), driven in part by the housing sector (+5.4%) and spending on new machinery and equipment (+1.8%). However, investment in non-residential structures fell (-1.4%) for a sixth straight quarter.

  Consumer spending and business purchases of equipment helped boost the value of imports (+3.4%). Export growth remained robust (+2.9%), but was also lower than in the fourth quarter of 2009. The acceleration in the overall growth rate was largely due to rising inventory levels, as businesses began to build up their stock of inventories for the first time since late 2008. *Data Source: Statistics Canada*

- **Canada's Industrial Product Price Index (IPPI) was 0.4% lower in April than in the same month a year ago.** BC softwood lumber prices continued to seesaw, climbing 1.4%, following a 1.7% decline in March. Interior (+5.0%) producers received substantially more for their products than in April of 2009, while Coastal mills saw prices fall (-7.0%).

  Data Source: Statistics Canada

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originally published in
Business Indicators Issue 10-04

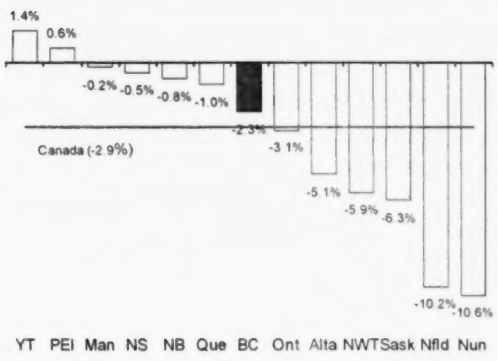
Economy Shrinks for First Time Since 1982

BC's economy shrinks for first time since 1982, but fares better than other parts of the country

British Columbia's economy shrank 2.3%[1] in 2009, as the province, together with most other regions of Canada, felt the effects of a global recession. The downturn in 2009 marked the first time since 1982 that total annual output in the province has declined. It came on the heels of lacklustre growth in 2008, when the economy inched ahead just 0.2%.

BC among the provinces least affected by the economic downturn in 2009

Annual change, 2009, GDP at basic prices, all industries



Data source: Statistics Canada

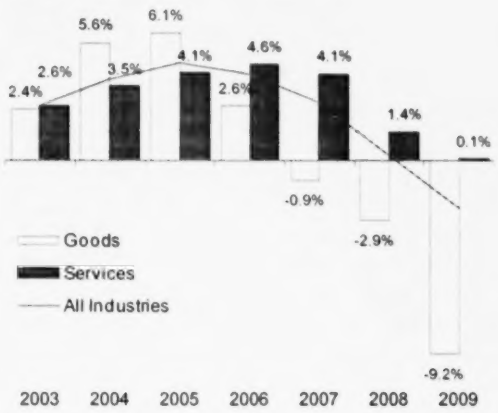
The Canadian economy contracted 2.9% in 2009, as every region except Yukon (+1.4%) and PEI (+0.6%) slipped into recession. Among the larger economies, BC (-2.3%) and Quebec (-1.0%) were not nearly as hard-hit as Ontario (-3.1%) and Alberta (-5.1%).

Recession in goods sector hampers growth in service industries

All of the major goods-producing industries, and many of those in the service sector, contracted in 2009. The decline in the goods sector was significant, with GDP plunging (-9.2%) for an unprecedented third straight year. The service sector managed to remain in positive territory, but just barely, eking out a 0.1% increase—the first time since 1982 that the sector as a whole has failed to grow.

Goods sector shrinks for a third straight year

Annual % change, GDP at basic prices, BC



Data source: Statistics Canada

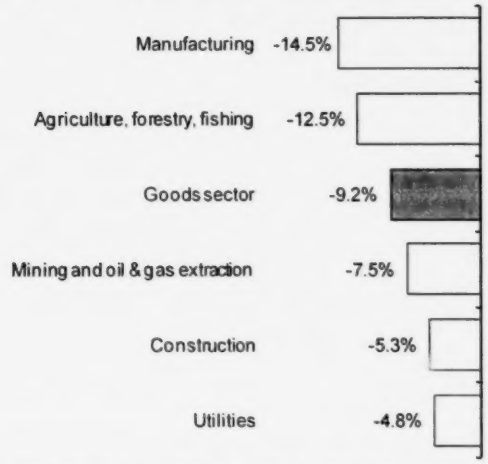
Demand for BC export commodities such as forest, energy and metal products crumbled in 2009 as the US and other economies slipped into recession. With bad economic news dominating the headlines, businesses and consumers kept a lid on their spending, and the recession, which already had the province's goods sector in its grip, spread into other parts of the economy.

[1] Gross domestic product (GDP) figures quoted in this article are reported in chained (2002) dollars. Chained data have been adjusted to remove the effect of price variations. They can be viewed as estimates of the volume of output. In this document, chained GDP figures are referred to as "real GDP".

All goods-producing industries...

Goods-producing industries have faced significant challenges in recent years. While all of the industries in the goods sector lost ground in 2009, the general economic malaise hit some harder than others. Those most affected were already on a downward path, and last year's events may have pushed some of them into territory from which it could be difficult to fully recover, at least in the short run.

All industries in the goods sector shrank in 2009



GDP at basic prices ($2002, chained), annual change in 2009
Data Source: Statistics Canada

Manufacturing contracted 14.5% in 2009, as wood manufacturing shrank (-18.8%) for a third straight year, and the paper industry (-16.0%) marked its fourth straight yearly decline. While most manufacturing industries shrank, the food products industry bounced back (+3.1%) from a downturn in 2008.

GDP in agriculture, fishing & forestry was down 12.5%, largely due to a slump (-18.8%) in primary forestry and logging activities. In mining, oil & gas extraction (-7.5%), support activities such as drilling (-11.1%) and mining (-10.9%) fell back significantly, while the oil & gas extraction industry contracted 4.2%. Since the beginning of the decade, the importance of oil & gas extraction has been growing; it now accounts for about three quarters of the mining, oil & gas extraction industry's total GDP.

A 5.3% drop in construction was largely due to a slump in the market for new housing. GDP associated with residential construction activities fell 15.8% during the year, and oil & gas engineering (-5.2%) and repair construction (-2.4%) were also down. Most other types of engineering construction made solid gains during 2009.

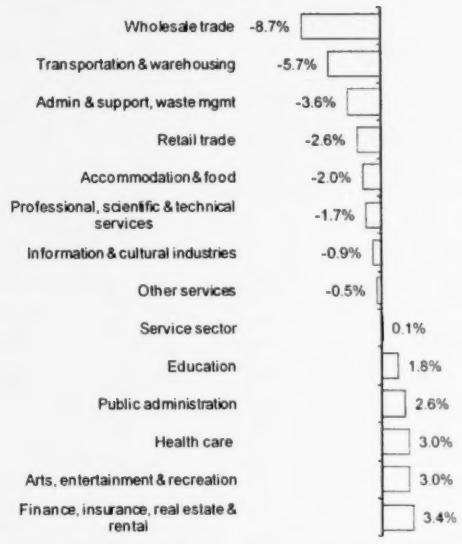
...and most industries in the service sector post declines

In the service sector, wholesale trade (-8.7%) and transportation & warehousing (-5.7%), recorded the largest declines. Both industries have strong ties to the goods sector, but also provide services to consumers. For example, while wholesalers supply products used by goods-producing industries, they also provide goods to retail outlets. Some sell directly to consumers.

The transportation industry moves freight as well as passengers. BC's location on the west coast of the country means that the province is often a port of entry or ex[illegible] for goods in transit to or from other regions. Given the global economic situation, it is hardly surprising that these industries were more severely affected by the downturn than others in the service sector.

Administrative & support and waste management industries, which include services such as office administration, employment and travel agencies, saw output fall 3.6%. GDP in retail trade shrank 2.6% as consumers reduced their purchases.

In the service sector, it was more of a mixed bag, with some industries posting modest growth while others contracted


Wholesale trade -8.7%
Transportation & warehousing -5.7%
Admin & support, waste mgmt -3.6%
Retail trade -2.6%
Accommodation & food -2.0%
Professional, scientific & technical services -1.7%
Information & cultural industries -0.9%
Other services -0.5%
Service sector 0.1%
Education 1.8%
Public administration 2.6%
Health care 3.0%
Arts, entertainment & recreation 3.0%
Finance, insurance, real estate & rental 3.4%
GDP at basic prices ($2002, chained), annual change in 2009

Data Source: Statistics Canada

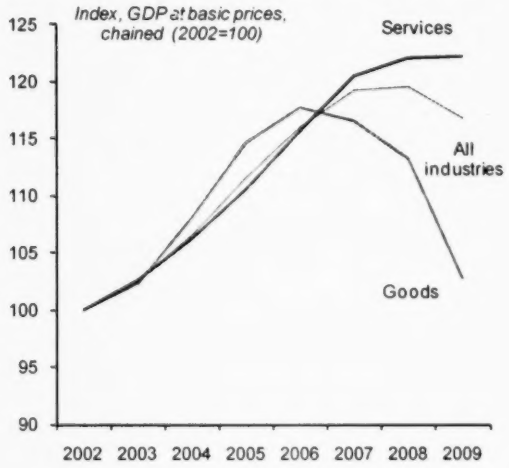
The accommodation and food services industry saw a 2.0% drop, partly because travel to BC from the US and overseas declined. Professional, scientific & technical services (-1.7%), which includes engineers, architects, accountants, computer services, and other types of professional services, also took a hit, as a slowdown in construction and business investment reduced the demand for their services.

Industries with strong ties to the public sector continued to grow. Education (+1.8%), public administration (+2.6%) and health care (+3.0%,) all expanded their output in 2009. In the private sector, arts, entertainment & recreation (+3.0%) and finance, insurance, real estate and rental & leasing (+3.4%) were the only major industries to post increases.

Recession in goods sector deepens in 2009

The province's service-producing industries have expanded 22% since 2002. Over the same period, real GDP in the goods sector has increased only marginally (+3%), partly because a prolonged downturn during the last three years has eroded away most of the growth that occurred during the early part of the decade. It is not uncommon for goods industries to go through periods of growth and decline, but this is the first time since at least 1961[2] that there has been such a long downturn in the goods sector.

Output in the goods sector falls back to levels not seen since the early part of the decade

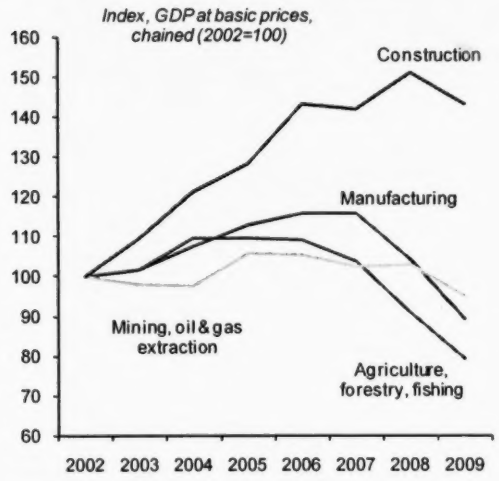


Data Source: Statistics Canada

The manufacturing sector has been shrinking since 2007 as have primary industries such as agriculture, forestry and fishing. At the same time, construction has been picking up speed, expanding 43% since 2002. It is now the largest employer in the goods sector, although its share of total GDP is still lower than that of the manufacturing industry.

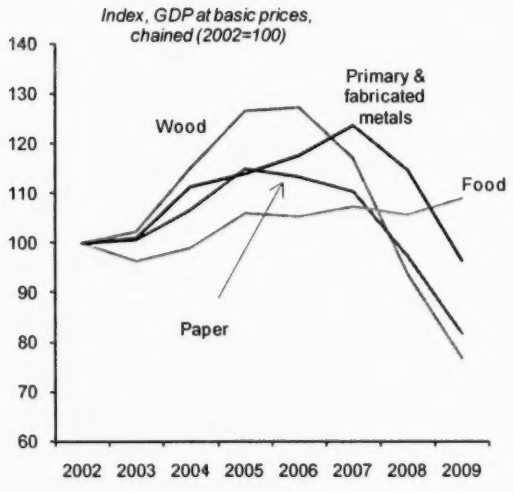
[2] The first year for which this information is available.

Construction is the only industry in the goods sector that has expanded since 2002



Data Source: Statistics Canada

Much of the recent decline has been in resource-related manufacturing



Data Source: Statistics Canada

Among key manufacturing industries, output in both the wood and paper industries has fallen about 20% since 2002. The value added by producers of primary metals, fabricated metals and non-metallic minerals has also declined. However, BC's food industry has expanded 9%, and is now the second largest manufacturing industry in the province[3]. Producers of computers and electronic products took a hit in 2009, but that industry has also seen output rise over the longer term.

Volatility in goods sector usually dampened by service sector growth, but not in 2009

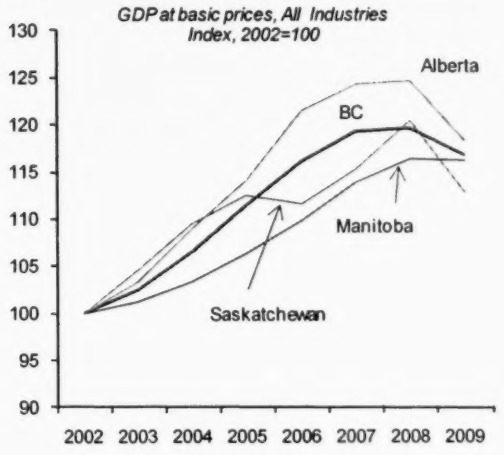
Most of BC's resource-based products are destined for sale outside the province, so changes in global economic conditions can affect the demand for these products. Other than transportation and warehousing, many of the key service industries are largely consumer-oriented, so they are less vulnerable to changes in demand that originate outside the province.

With nearly 80% of total GDP originating in service-producing industries, BC is more dependent on the service sector than any other province. This has helped keep the economy on a steady upward path despite volatility in the resource-based industries, which tend to experience boom and bust cycles. Although the goods sector has slipped into recession eleven times[4] since 1981, including each of the last three years, BC's economy has expanded in all but two years—1982 and 2009. Both times, the general downturn occurred because a recession in the goods sector was matched by weakness in service industries. Last year, the combined effect of lower consumer, business, and non-resident demand for BC services brought growth in the service sector to a halt for the first time since 1982.

[3] Despite recent events, wood products continue to account for about a quarter of total GDP in manufacturing, more than the food and paper manufacturing industries combined.

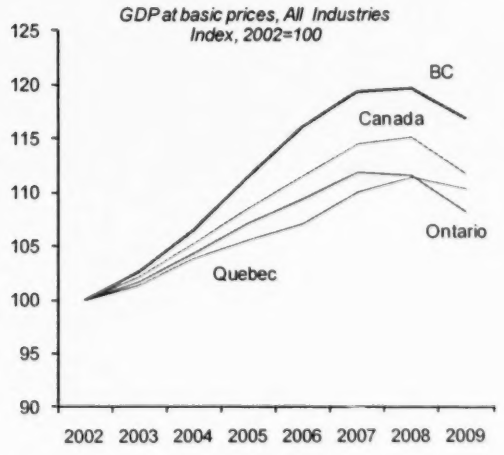
[4] Real GDP in the goods sector shrank in 1981, 1982, 1986, 1990, 1991, 1996, 1998, 2001, 2007, 2008 and 2009.

Western provinces have been on an expansionary path...



Data source: Statistics Canada

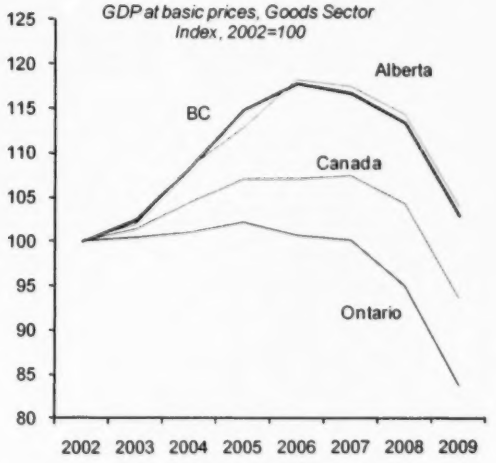
...while Ontario and Quebec have posted only modest growth



Data source: Statistics Canada

The western provinces and Newfoundland, where the energy sector fuelled growth during most of the decade, are the only regions where there has been significant economic expansion since 2002. BC's economy has grown 17%, well above the 12% increase for the country as a whole. In fact, all four western provinces have outperformed the national average. However, the stronger-than-average growth here is not just an indication of relatively robust economic conditions in this part of the country. It also reflects weak economic conditions in central Canada. Ontario has seen output in goods-producing industries shrink 16% since 2002. The decline in Ontario's goods sector began in 2006, well in advance of the global recession; recent events just served to exacerbate the problem. Quebec has fared a little better, but only marginally. Its goods sector saw virtually no growth during the period from 2002 to 2008.

While goods industries in central Canada languished, BC and Alberta made gains early in the decade that have since been wiped out



Data source: Statistics Canada

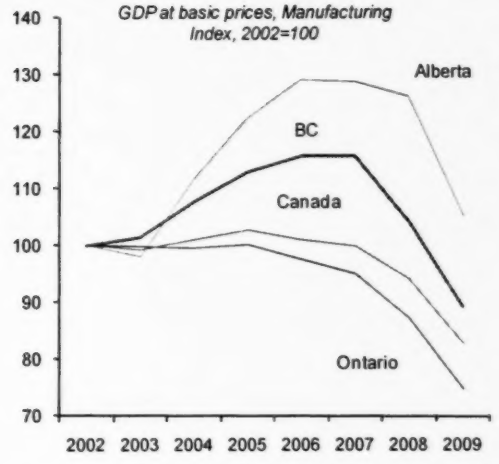
Reasons underlying the downturn in the goods sector vary among provinces. In Ontario, where manufacturing dominates goods production, much of the decline can be traced back to the manufacturing sector, where every industry except food, computer and miscellaneous manufacturing has lost ground since 2002. Quebec has also seen much of its manufacturing sector fall into decline during this period.

Canada's energy sector, which had helped fuel strong growth earlier in the decade, lost steam

during 2009, and this put the brakes on economic growth in the resource-dependent economies of Newfoundland, Alberta, Saskatchewan and NWT. In Newfoundland and Alberta, energy production accounts for more than a fifth of total GDP.

The decline in BC's goods sector was almost exactly mirrored in Alberta, although the underlying reasons for the downturn there are different. In Alberta, mining, oil & gas extraction has been contracting, while most other industries in the goods sector were, until 2009, on an upward path. In BC, much of the decline originates in manufacturing, especially forest products.

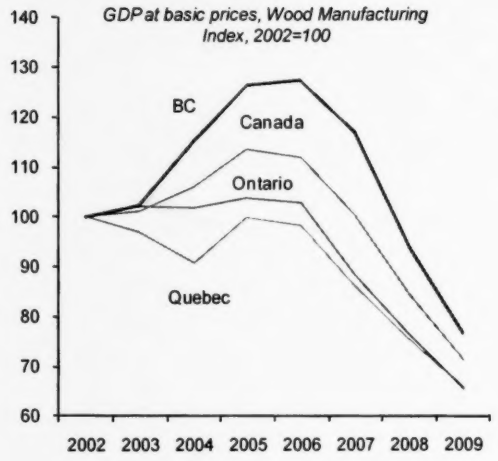
Manufacturing industries in decline

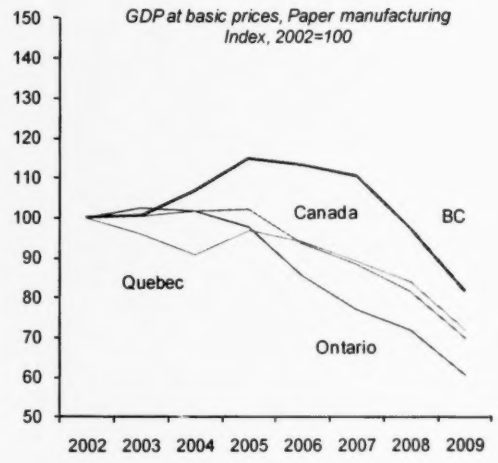


Data source: Statistics Canada

BC's wood and paper industries have faced big challenges, and have lost a lot of ground in recent years. However, during the early part of the decade, producers of BC forest products outperformed those in Ontario and Quebec, the two other major wood- and paper-producing provinces. Growth in the early part of the decade has meant that the long-term decline in BC's forest products industries has not been as extreme as in Ontario and Quebec.

Forest-related manufacturing slumping in all major producing provinces





Data source: Statistics Canada

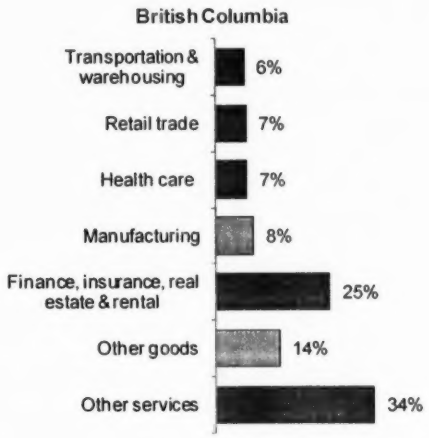
Other factors drive BC economy

BC's economy shrank in 2009, and recent trends in some of the goods industries are not encouraging. However, service industries have helped boost economic growth in recent years. It is likely that they will continue to do so.

Four of the five largest industries in the province derive at least part of their business from providing services to consumers. While some of these services (e.g., travel) may be discretionary, others

are not. This means that even in times of economic stress, the demand for some types of services is unlikely to be greatly reduced, since factors such as population growth or changes in the age structure of the population also play a role.

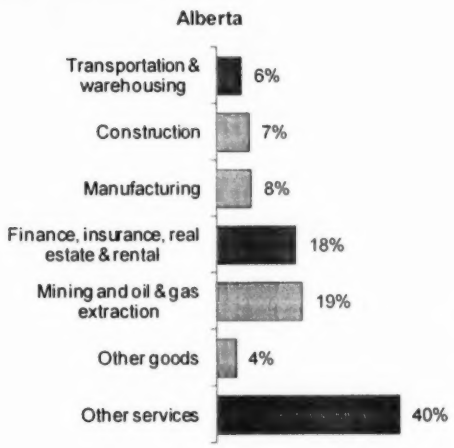
In BC, the largest industries are in the service sector...



Percent of total GDP at basic prices, 2009

Data source: Statistics Canada

...while Alberta's economy has stronger ties to goods production



Percent of total GDP at basic prices, 2009

Data source: Statistics Canada

In contrast, other provinces such as Alberta and to a lesser extent Ontario rely more on goods production as a source of economic growth. During periods of global economic expansion, these economies enjoy robust growth. But when markets dry up, and external demand for goods is reduced, an economy that is less reliant on external markets is less vulnerable. BC's economy faced big challenges in 2009, but despite shrinking 2.3%, the province as a whole felt less economic pain than most other parts of the country.

Infoline

June 4, 2010
Issue 10–22

Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca or choose RSS

BC at a glance . . .

POPULATION (thousands)	Jan1/2010	% change on one year ago
BC	4,494.2	1.6
Canada	33,930.8	1.2
GDP and INCOME (Revised Nov 9)		
(BC - at market prices)	2008	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	197,931	3.3
GDP *($ 2002 millions)*	164,520	0.0
GDP *($ 2002 per Capita) (reflects revised pop)*	37,529	-1.7
Personal Disposable Income *($ 2002 per Capita)*	25,931	3.2
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Mar 2010	2,994	3.8
Merchandise Exports - Mar 2010	2,290	1.5
Retail Sales - Mar 2010	4,869	0.6
CONSUMER PRICE INDEX	% change on	12-month avg
(all items - Apr 2010)	one year ago	% change
BC	1.0	-0.1
Vancouver	1.4	0.1
Victoria	0.4	-0.1
Canada	1.8	0.5
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	May 2010	prev. month
Labour Force - BC	2,479	-0.2
Employed - BC	2,293	-0.4
Unemployed - BC	187	3.3
		Apr 2010
Unemployment Rate - BC *(percent)*	7.5	7.3
Unemployment Rate - Canada *(percent)*	8.1	8.1
INTEREST RATES (percent)	Jun 2/2010	Jun 3/2009
Prime Business Rate	2.50	2.25
Conventional Mortgages - 1 year	3.70	3.90
- 5 year	5.99	5.45
US-CANADA EXCHANGE RATE	Jun 2/2010	Jun 3/2009
(avg. noon spot rate) Cdn $ per US $	1.0404	1.0976
(closing rate) US $ per Cdn $	0.9630	0.9022
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	May 2010	one year ago
BC	828.89	4.9
Canada	815.69	2.5

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

BC Labour Market Outlook 2009–2019

A new report featuring labour supply and demand forecasts, by occupation and region, is now available. Based on the BC Labour Market Scenario Model (undertaken by the Ministry of Advanced Education and Labour Market Development in partnership with BC Stats and the Ministry of Finance), this report provides projections of future job openings and potential labour market imbalances.

http://workbc.ca/labour_market_statistics/labour_market_projections.htm

Labour Market Information Gateway

A new gateway with links to labour market information is now available. The labour market information gateway features access to a variety of data sources, articles, and reports containing labour market information for British Columbia in one convenient location.

www.bcstats.gov.bc.ca/data/lss/lmi_gate.asp

Quarterly Indicators for BC Economy

A new table with data for key quarterly indicators for the BC economy is now available. The table offers a quick look at the quarterly change in selected economic and demographic variables that provide an indication of the strength or weakness of the BC economy.

www.bcstats.gov.bc.ca/data/bus_stat/busind/qinds.asp

BC's Solid Waste Flow, 2006

This report examines the source and composition of solid waste in British Columbia. Three key sectors are measured: industrial, commercial and institutional (IC&I); construction, renovation and demolition (CR&D); and residential.

www.bcstats.gov.bc.ca/data/env/SolidWaste06.pdf

Released this week by BC Stats

- Quarterly Regional Statistics, 1st Quarter 2010
- Current Statistics, May 2010 (Final Issue)
- Labour Force Statistics, May 2010
- Earnings & Employment Trends, May 2010

Next week

- Business Indicators, May 2010
- Exports, April 2010

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